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**FOR IMMEDIATE RELEASE**

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## **Higher Cigarette Taxes Apply to Limited Indian Reservation Sales**

(Phoenix, Ariz. -- Dec. 22, 2006) Attorney General Terry Goddard today issued legal opinions that clarify the impact of voter-approved tax increases on cigarettes sold on Arizona's Indian reservations.

In the November election, Arizona voters approved Proposition 203, which imposed a tax increase of 80 cents per pack. Voters also approved Proposition 201, the Smoke-Free Arizona Act, which raised the tax two cents per pack.

Goddard's opinions say both tax increases do not apply to on-reservation sales of tobacco products by tribes or tribal members to non-tribal members. The higher taxes do apply, however, to on-reservation sales by federally licensed Indian traders or other non-tribal members to non-tribal members.

The opinions were requested by Gale Garriott, Director of the Arizona Department of Revenue. Copies are attached.

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